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COMMISSION ON NARCOTIC DRUGS ACTING AS
PREPARATORY BODY FOR THE SPECIAL SESSION
OF THE GENERAL ASSEMBLY DEVOTED TO THE
FIGHT AGAINST THE ILLICIT PRODUCTION,
SALE, DEMAND, TRAFFIC AND DISTRIBUTION
OF NARCOTIC DRUGS AND PSYCHOTROPIC
SUBSTANCES AND RELATED ACTIVITIES

Second session
Vienna, 16-20 March 1998

COUNTERING MONEY-LAUNDERING

**Combined draft text approved at the second informal open-ended inter-sessional meeting of the
Commission on Narcotic Drugs acting as preparatory body for the special session of the
General Assembly on international drug control**

The General Assembly,

Recognizing that the problem of laundering of money derived from illicit trafficking in narcotic drugs and psychotropic substances, as well as from other serious crimes, has expanded internationally to become such a global threat to the integrity, reliability and stability of financial and trade systems and even government structures as to require countermeasures by the international community as a whole in order to deny safe havens to criminals and their illicit proceeds,

Recalling the provisions of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988, according to which all parties to the Convention are required to establish money-laundering as a punishable offence and to adopt the measures necessary to enable the authorities to identify, trace and freeze or seize the proceeds of illicit drug trafficking,

Recalling Commission on Narcotic Drugs resolution 5 (XXXIX) of 24 April 1996, in which the Commission noted that the forty recommendations of the Financial Action Task Force established by the heads of State or Governments of the Group of Seven major industrialized countries and the President of the European Commission remained the standard by which the measures against money-laundering adopted by concerned States should be judged, as well as Economic and Social Council resolution 1997/40 of 21 July 1997, in which the Council took note with satisfaction of the document entitled "Anti-drug strategy in the hemisphere", approved by the Inter-American Drug Abuse Control Commission of the Organization of

American States at its twentieth regular session, held at Buenos Aires in October 1996 and signed at Montevideo in December 1996, and urged the international community to take due account of the anti-drug strategy in the hemisphere as a significant contribution to the strengthening of the Global Programme of Action adopted by the General Assembly at its seventeenth special session,

Recognizing the political will expressed by the international community, especially as reflected in such initiatives as the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime, adopted in 1990 by the Committee of Ministers of the Council of Europe, the Ministerial Communiqué of the Summit of the Americas Conference Concerning the Laundering of Proceeds and Instrumentalities of Crime, held at Buenos Aires in December 1995, and by such bodies as the Inter-American Drug Abuse Control Commission of the Organization of American States, the Asia/Pacific Group on Money Laundering, the Caribbean Financial Action Task Force, the Offshore Group of Banking Supervisors and the Commonwealth, all of which are well-recognized multilateral initiatives aimed at combating money-laundering and constitute legal or policy frameworks within which concerned States are defining and adopting measures against money-laundering,

Aware that the proceeds of illicit drug trafficking and other illicit activities, which are laundered through banks and other financial institutions, constitute an obstacle to the implementation of policies designed to liberalize financial markets in order to attract legitimate investment, in that they distort those markets,

Emphasizing that there is a need to harmonize national legislation with a view to ensuring appropriate coordination of policies for combating money-laundering, without prejudice to the action each State is undertaking within its own jurisdiction to combat this form of criminality,

Recognizing the need to promote and develop effective mechanisms for the pursuit, freezing, seizure and confiscation of property obtained through or derived from illicit activities, so as to avoid its use by criminals,

Recognizing that only through international cooperation and the establishment of bilateral and multilateral information networks such as the Egmont Group, which will enable States to exchange information between competent authorities, will it be possible to combat effectively the problem of money-laundering,

Emphasizing the enormous efforts of a number of States to draw up and apply domestic legislation that identifies the activity of money-laundering as a criminal offence,

Realizing the importance of progress being made by all States in conforming to the relevant recommendations and the need for States to participate actively in international and regional initiatives designed to promote and strengthen the implementation of effective measures against money-laundering,

1. *Strongly condemns* the laundering of money derived from illicit drug trafficking and other serious crimes, as well as the use of the financial systems of States for that purpose;

2. *Urges* all States to implement the provisions against money-laundering that are contained in the United Nations Convention against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances of 1988 and the other relevant international instruments on money-laundering, in accordance with fundamental constitutional principles, by applying the following principles:

(a) Establishment of a legislative framework to criminalize the laundering of money derived from serious crimes in order to provide for the prevention, detection, investigation and prosecution of the crime of money-laundering through, *inter alia*:

- (i) Identification, freezing, seizure and confiscation of the proceeds of crime;
- (ii) International cooperation; and mutual legal assistance in cases involving money-laundering;
- (iii) Inclusion of the crime of money-laundering in mutual legal assistance agreements for the purpose of ensuring judicial assistance in investigations, court cases or judicial proceedings relating to that crime;

(b) Establishment of an effective financial and regulatory regime to deny criminals and their illicit funds access to national and international financial systems, thus preserving the integrity of financial systems worldwide and ensuring compliance with laws and other regulations against money-laundering through:

- (i) Customer identification and verification requirements applying the principle of "know your customer", in order to have available for competent authorities the necessary information on the identity of clients and the financial movements that they carry out;
- (ii) Financial record-keeping;
- (iii) Mandatory reporting of suspicious activity;
- (iv) Removal of bank secrecy impediments to efforts directed at preventing, investigating and punishing money-laundering;
- (v) Other relevant measures;

(c) Implementation of law enforcement measures to provide tools for, *inter alia*:

- (i) Effective detection, investigation, prosecution and conviction of criminals engaging in money-laundering activity;
- (ii) Extradition procedures;
- (iii) Information-sharing mechanisms;

3. *Calls upon* the United Nations International Drug Control Programme and the Crime Prevention and Criminal Justice Division of the Secretariat to continue to work, within the framework of their global programme against money-laundering, with relevant multilateral and regional institutions, organizations or bodies engaged in activities against money-laundering and drug trafficking and with international financial institutions to give effect to the above principles by providing training, advice and technical assistance to States upon request and where appropriate.